

American Institute for Cancer Research

Financial Report
September 30, 2023

Contents

Independent auditor's report	1-2
Financial statements	
Statements of financial position	3
Statements of activities	4-5
Statements of functional expenses	6-7
Statements of cash flows	8
Notes to financial statements	9-26

Independent Auditor's Report

Board of Directors
American Institute for Cancer Research

Opinion

We have audited the financial statements of American Institute for Cancer Research (the Institute), which comprise the statements of financial position as of September 30, 2023 and 2022, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on October 1, 2022, the Institute adopted new accounting guidance for its leases under Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

McLean, Virginia
June 17, 2024

American Institute for Cancer Research

**Statements of Financial Position
September 30, 2023 and 2022**

	2023	2022
Assets		
Cash and cash equivalents (Note 1)	\$ 4,259,888	\$ 5,958,891
Accounts receivable, net of allowance for uncollectible accounts of \$4,364 in 2023 and \$4,175 in 2022	76,389	97,957
Due from affiliates (Note 12)	665,383	937,400
Bequests receivable (Note 4)	2,116,604	1,860,511
Investments (Notes 2 and 3)	8,622,340	6,828,067
Prepaid expenses and other assets	274,121	613,345
Operating lease right of use assets (Note 14)	1,330,780	-
Property and equipment, net (Note 5)	250,569	310,910
Beneficial interest in perpetual trust (Notes 2 and 3)	322,275	308,626
Total assets	\$ 17,918,349	\$ 16,915,707
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 600,621	\$ 476,349
Grants payable (Note 6)	1,856,246	2,179,249
Deferred rent	-	919,689
Operating lease liabilities, net (Note 14)	2,126,453	-
Liabilities under charitable gift annuities (Notes 2 and 3)	744,787	851,051
Liabilities under charitable remainder unitrusts (Notes 2 and 3)	347,640	354,387
Total liabilities	5,675,747	4,780,725
Commitments (Note 3)		
Net assets:		
Without donor restrictions (Note 7)	4,316,897	5,674,642
With donor restrictions (Notes 8 and 9)	7,925,705	6,460,340
Total net assets	12,242,602	12,134,982
Total liabilities and net assets	\$ 17,918,349	\$ 16,915,707

See notes to financial statements.

American Institute for Cancer Research

Statement of Activities

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Public support—contributions and bequests	\$ 7,654,855	\$ 2,439,890	\$ 10,094,745
Program service revenue	72,760	-	72,760
Affiliate service fees	1,208,796	-	1,208,796
List rental income	126,566	-	126,566
Interest income and dividends (Note 2), net of fees	182,075	55,399	237,474
Other revenue	28,772	-	28,772
Net assets released from restrictions	1,196,127	(1,196,127)	-
Total support and revenues	10,469,951	1,299,162	11,769,113
Expenses (Note 13):			
Program services:			
Research	2,144,249	-	2,144,249
Public health education	5,879,581	-	5,879,581
Total program services	8,023,830	-	8,023,830
Supporting services:			
Management and general	2,015,987	-	2,015,987
Fundraising	2,277,832	-	2,277,832
Total supporting services	4,293,819	-	4,293,819
Total expenses	12,317,649	-	12,317,649
Change in net assets before other changes	(1,847,698)	1,299,162	(548,536)
Other changes:			
Other gains:			
Net realized and unrealized gain on investments	420,611	162,523	583,134
Change in value of split-interest agreement liability—annuities	69,342	-	69,342
Change in value of split-interest agreement liability—trusts	-	(9,969)	(9,969)
Net gain on interest in perpetual trust (Note 2)	-	13,649	13,649
Change in net assets	(1,357,745)	1,465,365	107,620
Net assets:			
Beginning	5,674,642	6,460,340	12,134,982
Ending	\$ 4,316,897	\$ 7,925,705	\$ 12,242,602

See notes to financial statements.

American Institute for Cancer Research

Statement of Activities

Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Public support—contributions and bequests	\$ 7,987,600	\$ 4,286,335	\$ 12,273,935
Program service revenue	84,850	-	84,850
Affiliate service fees	1,559,280	-	1,559,280
List rental income	167,003	-	167,003
Interest income and dividends (Note 2), net of fees	155,864	41,627	197,491
Other revenue	32,539	-	32,539
Net assets released from restrictions	1,926,080	(1,926,080)	-
Total support and revenues	11,913,216	2,401,882	14,315,098
Expenses (Note 13):			
Program services:			
Research	2,173,462	-	2,173,462
Public health education	6,876,430	-	6,876,430
Total program services	9,049,892	-	9,049,892
Supporting services:			
Management and general	1,698,941	-	1,698,941
Fundraising	2,899,233	-	2,899,233
Total supporting services	4,598,174	-	4,598,174
Total expenses	13,648,066	-	13,648,066
Change in net assets before other changes	(1,734,850)	2,401,882	667,032
Other changes:			
Other gains:			
Net realized and unrealized loss on investments	(775,434)	(485,136)	(1,260,570)
Change in value of split-interest agreement liability—annuities	166,722	-	166,722
Change in value of split-interest agreement liability—trusts	-	(141,574)	(141,574)
Net loss on interest in perpetual trust (Note 2)	-	(96,271)	(96,271)
Change in net assets	(2,343,562)	1,678,901	(664,661)
Net assets:			
Beginning	8,018,204	4,781,439	12,799,643
Ending	\$ 5,674,642	\$ 6,460,340	\$ 12,134,982

See notes to financial statements.

American Institute for Cancer Research

Statement of Functional Expenses

Year Ended September 30, 2023

	Program Services			Supporting Services			
	Research	Public Health Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Grants	\$ 1,033,503	\$ 386,691	\$ 1,420,194	\$ -	\$ -	\$ -	\$ 1,420,194
Postage and delivery	2,848	1,269,622	1,272,470	33,110	581,139	614,249	1,886,719
Printing and publication	6,048	1,181,933	1,187,981	59,743	398,504	458,247	1,646,228
Data processing	23,515	401,321	424,836	110,183	207,583	317,766	742,602
Mailhouse fees	-	345,496	345,496	4,948	176,198	181,146	526,642
List costs	-	167,974	167,974	-	121,287	121,287	289,261
Salaries and director fees	479,189	902,857	1,382,046	1,005,998	374,910	1,380,908	2,762,954
Professional fees	101,280	513,721	615,001	187,226	212,320	399,546	1,014,547
Occupancy	49,879	127,816	177,695	93,524	40,527	134,051	311,746
Travel and entertainment	165,087	12,560	177,647	57,081	1,167	58,248	235,895
Benefits and payroll taxes	79,166	180,347	259,513	153,225	63,413	216,638	476,151
Pension expense (note 13)	6,862	4,405	11,267	24,443	9,287	33,730	44,997
Office expense	80,557	66,801	147,358	40,264	30,448	70,712	218,070
Depreciation and amortization	9,654	24,740	34,394	18,103	7,844	25,947	60,341
Insurance	3,822	9,794	13,616	7,167	3,106	10,273	23,889
Advertising	-	-	-	957	232	1,189	1,189
Information technology	69,004	80,845	149,849	135,177	28,554	163,731	313,580
Conferences	2,014	5,950	7,964	-	-	-	7,964
Interest expense	-	-	-	40,640	-	40,640	40,640
WCRF membership dues	-	60,878	60,878	-	-	-	60,878
Miscellaneous	31,821	135,830	167,651	44,198	21,313	65,511	233,162
	<u>\$ 2,144,249</u>	<u>\$ 5,879,581</u>	<u>\$ 8,023,830</u>	<u>\$ 2,015,987</u>	<u>\$ 2,277,832</u>	<u>\$ 4,293,819</u>	<u>\$ 12,317,649</u>

See notes to financial statements.

American Institute for Cancer Research

Statement of Functional Expenses Year Ended September 30, 2022

	Program Services			Supporting Services			
	Research	Public Health Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Grants	\$ 1,319,270	\$ 256,142	\$ 1,575,412	\$ -	\$ -	\$ -	\$ 1,575,412
Postage and delivery	621	1,612,053	1,612,674	38,241	798,286	836,527	2,449,201
Printing and publication	1,810	1,256,230	1,258,040	39,389	500,095	539,484	1,797,524
Data processing	2,738	468,426	471,164	79,303	260,579	339,882	811,046
Mailhouse fees	-	455,403	455,403	14,316	259,026	273,342	728,745
List costs	-	257,045	257,045	-	176,226	176,226	433,271
Salaries and director fees	472,935	1,174,007	1,646,942	882,018	401,939	1,283,957	2,930,899
Professional fees	70,043	595,939	665,982	141,830	261,235	403,065	1,069,047
Occupancy	37,119	129,918	167,037	98,985	43,307	142,292	309,329
Travel and entertainment	20,447	7,143	27,590	2,458	616	3,074	30,664
Benefits and payroll taxes	66,715	200,747	267,462	149,066	66,807	215,873	483,335
Office expense	16,905	81,845	98,750	53,027	38,532	91,559	190,309
Depreciation and amortization	14,086	49,299	63,385	37,561	16,433	53,994	117,379
Insurance	3,554	12,440	15,994	9,478	4,146	13,624	29,618
Advertising	-	3,412	3,412	6,009	3,065	9,074	12,486
Information technology	122,636	88,280	210,916	47,663	31,505	79,168	290,084
Conferences	1,508	8,124	9,632	226	526	752	10,384
Interest expense	-	-	-	35,675	-	35,675	35,675
WCRF membership dues	-	69,219	69,219	-	-	-	69,219
Miscellaneous	23,075	150,758	173,833	63,696	36,910	100,606	274,439
	<u>\$ 2,173,462</u>	<u>\$ 6,876,430</u>	<u>\$ 9,049,892</u>	<u>\$ 1,698,941</u>	<u>\$ 2,899,233</u>	<u>\$ 4,598,174</u>	<u>\$ 13,648,066</u>

See notes to financial statements.

American Institute for Cancer Research

Statements of Cash Flows Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 107,620	\$ (664,661)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	60,341	117,379
Net realized and unrealized (gain) loss on investments	(583,134)	1,260,570
Contributions from stock gifts	(71,326)	(991)
Net loss on investments held for split-interest agreements	31,322	290,704
Net (gain) loss on beneficial interest in perpetual trust	(13,649)	96,271
Contributions received for long-term purposes	(18,145)	(290,307)
Deferred rent	-	(110,481)
Amortization of operating right of use asset	227,926	-
(Increase) decrease in assets:		
Accounts receivable	21,568	28,171
Due from affiliates	272,017	(483,512)
Bequests receivable	(256,093)	(224,432)
Prepaid expenses	339,224	4,761
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	124,272	(95,920)
Due to affiliates	-	(258,848)
Grants payable	(323,003)	117,948
Operating lease liabilities	(351,942)	-
Liabilities under charitable gift annuity agreements	(106,264)	(135,869)
Liabilities under charitable remainder unitrust agreements	(6,747)	(150,959)
Net cash used in operating activities	(546,013)	(500,176)
Cash flows from investing activities:		
Purchase and reinvestment of investments	(2,886,110)	(912,737)
Proceeds from maturities and sales of investments	1,714,975	662,623
Net cash used in investing activities	(1,171,135)	(250,114)
Cash flows from financing activities:		
Contributions received for long-term purposes	18,145	290,307
Net cash provided by financing activities	18,145	290,307
Net decrease in cash and cash equivalents	(1,699,003)	(459,983)
Cash and cash equivalents:		
Beginning	5,958,891	6,418,874
Ending	\$ 4,259,888	\$ 5,958,891
Supplemental disclosures of cash flow information		
Addition to operating lease right of use asset as of October 1, 2022	\$ 1,558,706	
Addition to operating lease liabilities as of October 1, 2022	\$ 2,478,395	
Cash paid for amounts included in measurement of lease liabilities		
Operating cash outflows - payments on operating leases	\$ 442,524	

See notes to financial statements.

American Institute for Cancer Research

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: American Institute for Cancer Research (the Institute) was incorporated in the District of Columbia in September 1981. The primary objectives of the Institute are to promote, expand and encourage public knowledge on how the risk of cancer is reduced by healthy food and nutrition, physical activity and weight management, the causes and treatment of cancer in general, and to fund, support and encourage innovative scientific research as to the causes, prevention and treatment of cancer.

A summary of the Institute's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Topic of the FASB ASC, Financial Statements of Not-for-Profit Organizations, the Institute is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Institute and/or the passage of time. Net assets with donor restrictions also includes net assets subject to donor-imposed stipulations that the assets will be maintained permanently by the Institute.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) and changes in donor intent are reported as reclassifications between the applicable classes of net assets.

Cash and cash equivalents: The Institute maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Institute has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Cash equivalents include items that are readily convertible into cash and are stated at cost, which approximates fair value. Cash equivalents of \$2,289,822 and \$963,269 at September 30, 2023 and 2022, respectively, consisted of money market accounts and overnight deposits.

Receivables: Accounts receivable are recorded at the invoiced amount and bequests receivable are recorded at the amount promised to the Institute.

The Institute maintains an allowance for uncollectable accounts for estimated losses inherent in its receivable portfolio. In establishing the required allowance, management considers historical losses and current receivable aging and current payment patterns. Account balances are charged off against the allowance when the potential for recovery is considered remote.

American Institute for Cancer Research

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: Investments consist of U.S. government and government agency securities, corporate bonds, fixed income and equity mutual funds, common trust funds and stocks with readily determinable fair values and are reflected at fair value. Investments are exposed to certain risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities and the volatility of capital markets, changes in the value of investment securities could occur in the near-term, and these changes could materially differ from the amounts reported in the accompanying financial statements.

Prepaid expenses: Prepaid expenses consist primarily of prepaid postage, prepaid rent and security deposits.

Property and equipment, net: Expenditures for furniture and fixtures, equipment and leasehold improvements are capitalized at cost. The Institute capitalizes all property and equipment purchased with a cost of \$500 or more. Furniture and fixtures and equipment are depreciated on the straight-line basis over estimated useful lives of three to five years. Leasehold improvements are amortized on a straight-line basis over the shorter of the asset life or the remaining term of the lease. Donated land is reported at fair value as of the date of donation.

Valuation of long-lived assets: The Institute reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying value or fair value, less costs to sell.

Grants payable: The Institute recognizes grant expense and the related liability in the year an unconditional grant is awarded.

Deferred rent: The Institute has entered into an operating lease agreement, which contains provisions for future rent increases and periods of free or reduced rent. In accordance with generally accepted accounting principles in the United States of America (U.S. GAAP), the Institute records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is charged to deferred rent, which is reflected as a separate line item in the accompanying balance sheet. The operating lease agreement also includes a tenant improvement allowance. The tenant improvement allowance is recorded as a deferred lease incentive and included within the deferred rent liability in the accompanying balance sheet. The deferred lease incentive is amortized as a credit to rent expense over the term of the lease. With the Institute's adoption of ASC 842, as of October 1, 2022, the concept of deferred rent has been eliminated for operating type leases and is now incorporated into the right of use asset for operating leases.

Revenue recognition: Public support is recorded as support and revenue when unconditional contributions, which include unconditional promises to give (pledges), are received. Restricted contributions are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when restrictions are met. Restricted contributions, which have restrictions that are satisfied in the year received, are reported as increases in net assets without donor restrictions.

American Institute for Cancer Research

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions due in future periods are considered as net assets with donor restrictions until the period in which they are due, at which time the restriction is released. Contributions of property and equipment are recognized at fair value at the date of contribution.

Bequests are recognized as public support revenues when the underlying will is declared valid by the respective probate court and amounts to be received can be reasonably estimated.

The Institute's revenue streams under contracts with customers are comprised of affiliate service fees, program service revenue and mailing list rental revenues. The Institute's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a point in time. The majority of the Institute's revenue under contracts from customers is earned in the United States.

Affiliate service fees represent reimbursement for services provided by the Institute to international affiliates (see Note 12) and are recognized as earned.

Program service revenue consists of income from the sale of books and bulk publications, which is recognized at the time of sale and conference revenue which is recognized upon completion of conference events.

Other revenue consists primarily of mailing list rental revenues, which are recognized at the time of broker distribution of lists to the interested parties.

All of the Institute's revenue from contracts with customers are derived from contracts with an initial duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. There were no changes in affiliate service fees, program service revenue and mailing list rental revenue that would affect the economic seasonality of the statements of financial position. The Institute did not have any impairment or credit losses on any receivables arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

Functional allocation of expenses: The costs of providing programs and services are summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Joint costs of informational materials or activities that included a fundraising appeal have been allocated among fundraising and the appropriate program or management and general functions.

For the year ended September 30, 2023, the Institute's expenses totaled \$12,317,649. Of that amount, 17% was spent directly in support of cancer research and 48% of expenses went in support of the Institute's public education programs in cancer prevention. Together, research and public education programs account for 65% of all expenditures by the Institute. Fundraising costs for the year were 18% of total expenses and 17% of expenses went to administrative costs.

For the year ended September 30, 2022, the Institute's expenses totaled \$13,648,066. Of that amount, 16% was spent directly in support of cancer research and 50% of expenses went in support of the Institute's public education programs in cancer prevention. Together, research and public education programs account for 66% of all expenditures by the Institute. Fundraising costs for the year were 21% of total expenses and 13% of expenses went to administrative costs.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adopted accounting pronouncement: In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Institute adopted Topic 842 on October 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Institute has applied Topic 842 to reporting periods beginning on October 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Institute's historical accounting treatment under ASC Topic 840, Leases.

The Institute elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Institute does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Institute has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on October 1, 2022.

The Institute determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Institute obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Institute also considers whether its service arrangements include the right to control the use of an asset.

The Institute made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or October 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Institute made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred.

American Institute for Cancer Research

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Institute has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate and equipment asset classes. The nonlease components typically represent additional services transferred to the Institute, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Institute's operating leases of approximately \$1,558,706 and \$2,487,395, respectively, at October 1, 2022. The adoption of the new lease standard did not materially impact the change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Recently issued accounting pronouncement: In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standards for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including trade receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 31, 2022, including interim periods within those fiscal years. ASU 2016-13 is effective for the Institute as of October 1, 2023. The Institute is currently evaluating the impact of adopting this new guidance on its financial statements and does not expect the impact to be significant.

Subsequent events: The Institute has evaluated subsequent events through June 17, 2024, the date on which the financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quote prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market. Stocks, equity and fixed income mutual funds, and U.S. treasuries are included in the Institute's Level 1 assets.

American Institute for Cancer Research

Notes to Financial Statements

Note 2. Investments and Fair Value Measurements (Continued)

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs considered observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. U.S. government agency securities related to the Institute's charitable gift annuities are included in the Institute's Level 2 assets. Liabilities under charitable gift annuities and charitable remainder unitrusts are included in the Institute's Level 2 liabilities. Liabilities under charitable gift annuities are recognized for the present value of future cash flows expected to be paid to the donor.

These liabilities are adjusted during the term of the annuities for payments, accretion of discounts and changes in life expectancies. Liabilities under charitable remainder unitrusts are recognized as the difference between the fair value of the assets contributed to the trust and the present value of future cash flows expected to be received upon expiration of the trust.

These liabilities are adjusted during the term of the trusts for payments, accretion of discounts and changes in life expectancies. The Institute uses Internal Revenue Service (IRS) discount rates and mortality tables.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Institute's beneficial interest in perpetual trust is included in Level 3 assets. The fair value of the Institute's beneficial interest in perpetual trust is measured using the fair value of the assets contributed to the trust as no facts and circumstances indicate that the fair value of the beneficial interest differs from the fair value of the assets contributed to the trust.

The estimated fair value for stocks, U.S. treasuries, money market funds and mutual funds is based on quoted market prices in active markets at the reporting date multiplied by the quantity on hand. U.S. government agency securities and certificate of deposits are priced based on their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full-term of the instruments.

The Institute did not have any assets or liabilities valued at fair value on a nonrecurring basis during the years ended September 30, 2023 and 2022. Cash equivalents consisting of money market accounts and overnight deposits are included as Level 1 estimates.

The common trust funds are valued using the net asset value (NAV) or its equivalent to determine the fair value of all the underlying investments. The funds are not subject to the provisions of fair value measurement because they are held at NAV as a practical expedient rather than fair value. NAVs for these funds are valued weekly and redemptions from these funds are permitted daily. There are no unfunded commitments for these investments.

The State Street Bank and Trust Company State Street S&P 500® Ex Tobacco Index Non-Lending Common Trust Fund (a socially responsible index fund that excludes stocks in tobacco products) and the State Street Bank and Trust Company Fixed Income Fund for Charitable Trusts are common trust funds used for the investment of the Institute's gift annuity (see Note 3).

American Institute for Cancer Research

Notes to Financial Statements

Note 2. Investments and Fair Value Measurements (Continued)

The investment objective of these funds is consistent with the Investment Policy. See Note 9 for more information about the Institute's Investment Policy. The investment objective of the funds are to approximate as closely as practicable, before expenses, the performance of the S&P 500® Ex Tobacco Index over the long-term and to obtain both reasonable current income and safety of principal through investment primarily in fixed income securities, respectively.

The NAV of each fund is determined as of the last business day of each month. Issuances and redemptions of fund units may be made on such days based upon the NAV per unit of the respective fund.

The following tables present a summary of the fair value measurements of the Institute's investments within the fair value hierarchy at September 30, 2023 and 2022:

	2023			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Investments at fair value:				
Operating fund:				
Equity mutual funds	\$ 151,814	151,814	\$ -	\$ -
Fixed Income Mutual Funds	1,264,908	1,264,908	-	-
Total operating fund investments	1,416,722	1,416,722	-	-
Cancer research fund (Notes 7 and 8):				
Fixed income mutual funds	1,986,253	1,986,253	-	-
Equity mutual funds	1,268,215	1,268,215	-	-
Common stock	543,187	543,187	-	-
Total cancer research fund investments	3,797,655	3,797,655	-	-
Charitable gift annuities (Note 3):				
U.S. treasuries	424,824	424,824	-	-
Fixed Income Mutual Funds	765,006	765,006	-	-
Total charitable gift annuity investments	1,189,830	1,189,830	-	-
Charitable remainder unitrusts (Note 3):				
Equity mutual funds	789,324	789,324	-	-
Fixed income mutual funds	-	-	-	-
Total charitable remainder unitrusts investments	789,324	789,324	-	-
Total investments at fair value	7,193,531	7,193,531	-	-
Beneficial interest in perpetual trust (Note 3)	322,275	-	-	322,275
Total financial assets at fair value	\$ 7,515,806	\$ 7,193,531	\$ -	\$ 322,275
Financial liabilities (Note 3):				
Liabilities under charitable gift annuities	\$ 744,787	\$ -	\$ 744,787	\$ -
Liabilities under charitable remainder unitrusts	347,640	-	347,640	-
Total financial liabilities	\$ 1,092,427	\$ -	\$ 1,092,427	\$ -

American Institute for Cancer Research

Notes to Financial Statements

Note 2. Investments and Fair Value Measurements (Continued)

	2022			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Investments at fair value:				
Operating fund:				
Equity mutual funds	\$ 1,304,348	\$ 1,304,348	\$ -	\$ -
Certificates of deposit	891	891	-	-
Total operating fund investments	1,305,239	1,305,239	-	-
Cancer research fund (Notes 7 and 8):				
Fixed income mutual funds	788,868	788,868	-	-
Equity mutual funds	882,752	882,752	-	-
Common stock	488,738	488,738	-	-
Total cancer research fund investments	2,160,358	2,160,358	-	-
Charitable gift annuities (Note 3):				
U.S. treasuries	308,345	308,345	-	-
U.S. government agency securities	74,353	-	74,353	-
Total charitable gift annuity investments	382,698	308,345	74,353	-
Charitable remainder unitrusts (Note 3):				
Equity mutual funds	583,785	583,785	-	-
Fixed income mutual funds	236,861	236,861	-	-
Total charitable remainder unitrusts investments	820,646	820,646	-	-
Total investments at fair value	4,668,941	4,594,588	74,353	-
Beneficial interest in perpetual trust (Note 3)	308,626	-	-	308,626
Total financial assets at fair value	\$ 4,977,567	\$ 4,594,588	\$ 74,353	\$ 308,626
Financial liabilities (Note 3):				
Liabilities under charitable gift annuities	\$ 851,051	\$ -	\$ 851,051	\$ -
Liabilities under charitable remainder unitrusts	354,387	-	354,387	-
Total financial liabilities	\$ 1,205,438	\$ -	\$ 1,205,438	\$ -

American Institute for Cancer Research

Notes to Financial Statements

Note 2. Investments and Fair Value Measurements (Continued)

The table below reconciles total investments to the statements of financial position at September 30, 2023 and 2022:

	2023	2022
Investments held at fair value	\$ 7,193,531	\$ 4,668,941
Investments held at NAV, below	1,428,809	2,159,126
	<u>\$ 8,622,340</u>	<u>\$ 6,828,067</u>

Investments held using NAV as a practical expedient:

	2023	2022
Common trust funds (closed fund)	\$ 1,428,809	\$ 2,159,126
	<u>\$ 1,428,809</u>	<u>\$ 2,159,126</u>

Note 3. Split-Interest Agreements

The Institute is the beneficiary of various split-interest agreements, including charitable gift annuities (for which a financial institution acts as trustee), charitable remainder unitrusts (for which the Institute acts as the trustee) and a perpetual trust (for which a financial institution acts as the trustee).

Under charitable gift annuity agreements, the Institute pays a fixed annuity amount for the life of the beneficiary, and receives the remaining assets upon the beneficiary's death, as set forth in the annuity agreements. Under charitable remainder unitrust agreements, the donor establishes and funds a trust. As trustee, the Institute makes specified distributions to designated beneficiaries over the trust term. Upon termination of the trust, the Institute receives all or a portion of the remaining trust assets, as set forth in the trust agreement. Under the perpetual trust, the assets are held by a trustee and the Institute receives specified income in perpetuity.

The assets held in charitable remainder unitrusts, charitable gift annuities and perpetual trusts are stated at fair value. Recorded liabilities to beneficiaries represent the present value of the estimated future payments based on actuarial assumptions using the 2012 IAR Mortality Table. Liabilities are updated annually based on changes in life expectancies and discount rates and the changes in value are reported as change in value of split-interest agreement liability in the statements of activities. At September 30, 2023 and 2022, the discount rates used to value liabilities under charitable gift annuities and charitable remainder unitrusts was 5% and 3.6%, respectively.

Contribution revenue is recognized based on the net amount of the assets and liabilities of split-interest agreements received in a given period, and the changes in the values of agreements received in prior years. Contribution revenue was \$18,145 and \$92,240 for the years ended September 30, 2023 and 2022, respectively. Distributions were \$76,392 and \$95,346 for the years ended September 30, 2023 and 2022, respectively.

In accordance with New Jersey state regulations for gift annuities, the Institute maintains segregated assets of \$100,000 related to specific gifts, included in investments at September 30, 2023 and 2022.

American Institute for Cancer Research

Notes to Financial Statements

Note 3. Split-Interest Agreements (Continued)

The balances related to the Institute's split-interest agreements at September 30, 2023 and 2022, were:

	2023	2022
Charitable gift annuities:		
Cash and cash equivalents	\$ 35,903	\$ 104,311
Investments:		
U.S. treasuries	424,824	308,345
Fixed Income Mutual Funds	765,006	74,353
Common trust funds	1,428,809	2,159,126
Total charitable gift annuities	<u>\$ 2,654,542</u>	<u>\$ 2,646,135</u>
Liabilities under charitable gift annuities	<u>\$ 744,787</u>	<u>\$ 851,051</u>
Charitable remainder unitrusts:		
Cash and cash equivalents	\$ 19,499	\$ 4,893
Investments:		
Equity mutual funds	789,324	583,785
Fixed income mutual funds	-	236,861
Total charitable remainder unitrusts	<u>\$ 808,823</u>	<u>\$ 825,539</u>
Liabilities under charitable remainder unitrusts	<u>\$ 347,640</u>	<u>\$ 354,387</u>
	2023	2022
Perpetual trust:		
Beneficial interest in perpetual trust	<u>\$ 322,275</u>	<u>\$ 308,626</u>
Net gain (loss) on beneficial interest in perpetual trust	<u>\$ 13,649</u>	<u>\$ (96,271)</u>

Note 4. Bequests Receivable, Net

Bequests receivable, net consists of the following at September 30, 2023 and 2022:

	2023	2022
Unconditional bequests expected to be collected:		
One year or less	\$ 2,116,604	\$ 1,860,511
	2,116,604	1,860,511
Allowance for uncollectable bequests	-	-
	<u>\$ 2,116,604</u>	<u>\$ 1,860,511</u>

American Institute for Cancer Research

Notes to Financial Statements

Note 5. Property and Equipment, Net

Property and equipment, net consists of the following at September 30, 2023 and 2022:

	2023	2022
Donated land	\$ 5,900	\$ 5,900
Furniture and fixtures	246,158	246,158
Equipment	350,475	357,759
Leasehold improvements	513,031	513,031
	<u>1,115,564</u>	<u>1,122,848</u>
Less accumulated depreciation and amortization	864,995	811,938
	<u>\$ 250,569</u>	<u>\$ 310,910</u>

Note 6. Grants Payable

The Institute awards grants for cancer research to various scientific projects and research facilities. Grants are awarded by the Board of Directors upon the recommendation of a Grant Review Panel, which is separate from the Board. The responsibility of the Grant Review Panel is to review grant requests and consult with the Board of Directors during the grant approval process. The Grant Review Panel is subject to a conflict of interest policy under which a member is disqualified from evaluating any grant proposal submitted by an organization or institution with which the particular member is affiliated.

Grants payable at September 30, 2023, are scheduled to be funded in future fiscal years as follows:

2024	\$ 948,746
2025	556,875
2026	288,750
2027	61,875
	<u>\$ 1,856,246</u>

Note 7. Board Designated Net Assets

The Board has designated certain funds of net assets without donor restrictions to be part of the Institute's Cancer Research Fund. Annual distributions from the Cancer Research Fund, which are approximately 10% of its cumulative balance, support grants awarded by the Institute.

American Institute for Cancer Research

Notes to Financial Statements

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions were composed of the following at September 30, 2023 and 2022:

	2023	2022
Purpose restrictions:		
Gould Trust	\$ 1,485,000	\$ 1,980,000
Ford Trust	1,760,000	-
Cancer Research Fund (endowment earnings)	1,142,367	1,041,775
Time restrictions:		
Held under split-interest agreements	561,182	571,151
Bequests receivable	1,956,604	1,860,511
Permanent restrictions:		
Beneficial interest in perpetual trust	322,275	308,626
Endowments (perpetual portion)	698,277	698,277
	<u>\$ 7,925,705</u>	<u>\$ 6,460,340</u>

Net assets related to split-interest agreements are reported as net assets with donor restrictions until the gift matures. Bequests recognized as revenue that will be collected in future periods are reported as net assets with donor restrictions until the period they are collected.

Note 9. Endowment Net Assets

The Institute adopted the provisions of FASB ASC 958-205-50-1A, Reporting Endowment Funds. These provisions provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (the Act) and also require disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Institute's endowments are pooled with 24 individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds, donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Institute has interpreted the Act as requiring the preservation of the fair market value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Institute and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Institute and (7) the investment policies of the organization.

American Institute for Cancer Research

Notes to Financial Statements

Note 9. Endowment Net Assets (Continued)

The Institute's Investment Policy contains a section on donor-restricted funds, which includes the following: the classification of restricted gifts, the investment of restricted gifts, the definition of income earned and the calculation of annual distributions. The classifications of restricted gifts are outlined in Note 2. Gifts are pooled and invested to ensure assets increase over time thereby enhancing the funds' long-term health and fiscal viability. The Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Institute targets a diversified asset allocation that utilizes fixed income and equity-based investments to achieve its long-term objectives within prudent risk constraints. Income earned includes interest, dividends and realized/unrealized gains and losses unless otherwise specified by the donor. Distributions are made annually at a rate not to exceed 5% of the average fair market value of the permanently restricted funds, calculated on the basis of market values determined annually and averaged over a period of three years immediately preceding the year for which the distribution is to be made. Distributions amounted to \$32,055 and \$35,733 for the years ended September 30, 2023 and 2022. Annual distributions of restricted funds not related to permanently restricted funds are made at a rate not to exceed 10% of the fair market value of those funds. Distributions amounted to \$103,420 and \$99,751 for the years ended September 30, 2023 and 2022. Annual distributions of board designated funds are made at a rate not to exceed 10% of the fair market value of the board designated funds. The most recent Investment Policy was reviewed and approved by the Board of Directors in April 2018.

Endowment net assets composition by type of fund at September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,840,644	\$ 1,840,644
Board-designated endowment funds	349,695	-	349,695
	<u>\$ 349,695</u>	<u>\$ 1,840,644</u>	<u>\$ 2,190,339</u>

Changes in endowment net assets for the fiscal year ended September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 344,836	\$ 1,740,052	\$ 2,084,888
Investment return:			
Investment income	11,075	55,399	66,474
Net gains (realized and unrealized)	32,639	162,523	195,162
Total investment return	<u>43,714</u>	<u>217,922</u>	<u>261,636</u>
Contributions	-	18,145	18,145
Appropriation of endowment assets for expenditure	<u>(38,855)</u>	<u>(135,475)</u>	<u>(174,330)</u>
Endowment net assets, end of year	<u>\$ 349,695</u>	<u>\$ 1,840,644</u>	<u>\$ 2,190,339</u>

American Institute for Cancer Research

Notes to Financial Statements

Note 9. Endowment Net Assets (Continued)

Endowment net assets composition by type of fund at September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,740,052	\$ 1,740,052
Board-designated endowment funds	344,836	-	344,836
	<u>\$ 344,836</u>	<u>\$ 1,740,052</u>	<u>\$ 2,084,888</u>

Changes in endowment net assets for the fiscal year ended September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 477,053	\$ 2,027,738	\$ 2,504,791
Investment return:			
Investment income	9,091	41,627	50,718
Net losses (realized and unrealized)	(103,004)	(485,136)	(588,140)
Total investment return	(93,913)	(443,509)	(537,422)
Contributions	-	290,307	290,307
Appropriation of endowment assets for expenditure	(38,304)	(134,484)	(172,788)
Endowment net assets, end of year	<u>\$ 344,836</u>	<u>\$ 1,740,052</u>	<u>\$ 2,084,888</u>

Funds in deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the permanent endowment. Deficiencies of this nature are reported as net assets without donor restrictions. At September 30, 2023 and 2022, the Institute had deficiencies of \$40,583 and \$61,586, respectively.

Note 10. Income Taxes

The Institute is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) on income other than unrelated business income. No provision for income taxes is required at September 30, 2023 and 2022, since the Institute had no unrelated business income. The Institute has been recognized by the IRS as a publicly supported organization and is therefore not a private foundation. Management annually reviews its tax position and has determined that there are no uncertain tax positions that require recognition in the financial statements.

Note 11. Employee Benefits

Defined contribution plan: The Institute sponsors a defined contribution retirement plan for those employees who have completed one year of service with the Institute. Employees vest in the retirement plan at a rate of 20% a year until fully vested. Employees become fully vested at age 59½ regardless of start date. The minimum number of hours required for eligibility is 1,000 hours worked in a plan year. The age of eligibility for participation in the plan is age 18. Employees may borrow a percentage of their vested account balance. Retirement plan contributions for the years ended September 30, 2023 and 2022, were approximately \$45,000 and \$0, respectively.

American Institute for Cancer Research

Notes to Financial Statements

Note 11. Employee Benefits (Continued)

Defined contribution 403(b) plan: The Institute also provides a defined contribution 403(b) retirement plan to all employees. Participants may elect to contribute a portion of their pretax compensation to the plan. Annual contributions may not exceed the limits prescribed by IRC Section 402(g). Employees are eligible for this plan upon employment and immediately have a fully vested interest in their contributions. The Institute does not make contributions to this plan.

Note 12. Related Parties

Fundraising and professional services: Direct Response Consulting Services (DRCS) provides fundraising and other professional services to the Institute. The Institute's management performs a periodic review of amounts paid for fundraising services and believes that the payments are comparable to or less than payments that would be made to unrelated parties for such services. DRCS is owned by one of the founders of the Institute who is not currently a board member. Under the Institute's governing legal instruments, the above individual may not vote to elect or remove members of the Board of Directors while under a service contract with the Institute and for a period of three years thereafter.

For the years ended September 30, 2023 and 2022, the Institute incurred expenses of approximately \$400,000 and \$452,000, respectively, for fundraising and other professional services, for which payment was made to DRCS and DRCS' related companies. At September 30, 2023 and 2022, the Institute owed an outstanding payable balance to DRCS and DRCS' related companies of \$688 and \$0, respectively.

Affiliated charities: The Institute operates jointly with affiliates in the United Kingdom, through the World Cancer Research Fund (WCRF United Kingdom—founded 1990); in the Netherlands, through the Stichting Wereld Kanker Onderzoek Fonds (WCRF NL) (WCRF Netherlands—founded 1994) and in Hong Kong, through the World Cancer Research Fund Limited (WCRF Hong Kong—founded 1997). These organizations promote, fund, support and encourage research and public education as to the causes and treatment of cancer for the general benefit of the public.

In 2000, the Institute entered into a written membership agreement with the World Cancer Research Fund International (WCRF International). As part of this membership agreement, the Institute will pay membership dues in return for services being provided by WCRF International. WCRF International is an umbrella association comprised of AICR and the WCRF entities. In 2023 and 2022, the Institute paid dues of \$60,878 and \$69,219 to WCRF International (USD equivalent of £50,000), respectively.

WCRF International also signed membership agreements with WCRF United Kingdom, WCRF Netherlands and WCRF Hong Kong. These entities are each affiliated charities of the Institute but are not consolidated by the Institute under U.S. GAAP.

WCRF International is funded by contributions from the Institute and its affiliates. In 2023 and 2022, the Institute paid contributions totaling \$386,691 and \$256,143, respectively, to WCRF International. The Institute also provided services to WCRF International and recognized related affiliate service fees of \$1,208,799 and \$899,280 in 2023 and 2022, respectively. The cost of services incurred by the Institute and billed to WCRF International are allocated among research, public health education, management and general and fundraising based upon the service provided.

American Institute for Cancer Research

Notes to Financial Statements

Note 12. Related Parties (Continued)

When necessary, the Institute will make payments to U.S. vendors on behalf of WCRF affiliates who purchase goods or services in the U.S. The Institute is reimbursed by the respective affiliate for the payment and does not report revenue or expense associated with these transactions.

The affiliate transactions described above are recorded in due from affiliates and due to affiliates in the statements of financial position. The summary activity in these accounts for the years ended September 30, 2023 and 2022, is as follows:

	2023				
	WCRF International	WCRF United Kingdom	WCRF Netherlands	WCRF Hong Kong	Totals
Beginning balance	\$ 317,616	\$ 582,574	\$ -	\$ 37,210	\$ 937,400
Reimbursed expenses	69,642	(72,419)	-	-	(2,777)
Dues	(60,878)	-	-	-	(60,878)
Contributions	(386,691)	(306,775)	-	-	(693,466)
Service fee	1,208,799	-	-	-	1,208,799
Payments received	(650,764)	(72,931)	-	-	(723,695)
Ending balance	\$ 497,724	\$ 130,449	\$ -	\$ 37,210	\$ 665,383

	2022				
	WCRF International	WCRF United Kingdom	WCRF Netherlands	WCRF Hong Kong	Totals
Beginning balance	\$ 416,678	\$ (258,848)	\$ -	\$ 37,210	\$ 195,040
Reimbursed expenses	79,333	(83,223)	-	-	(3,890)
Dues	(69,219)	-	-	-	(69,219)
Contributions	(256,143)	-	-	-	(256,143)
Service fee	899,280	660,000	-	-	1,559,280
Payments received	(752,313)	264,645	-	-	(487,668)
Ending balance	\$ 317,616	\$ 582,574	\$ -	\$ 37,210	\$ 937,400

Note 13. Allocation of Joint Costs

The Institute incurred joint costs of \$3,985,648 and \$5,091,503 in 2023 and 2022, respectively, for informational materials used for direct mail, telemarketing and other campaigns that included fundraising appeals. In fiscal year 2023, \$1,492,051 was allocated to fundraising, \$2,488,151 was allocated to education and \$5,446 was allocated to management and general expense. In fiscal year 2022, \$1,985,325 was allocated to fundraising, \$3,105,934 was allocated to education and \$244 was allocated to management and general expense.

American Institute for Cancer Research

Notes to Financial Statements

Note 14. Leases

The Institute leases office space its headquarters located in Arlington, Virginia. The lease commenced during August 2017. The Institute will lease the building and related improvements under an 11-year and 2-month lease agreement with an option to cancel the lease with one year's notice any time after September 2023. The rental cost of the headquarters includes a base rental, real estate and personal property taxes and other operating costs associated with the building. The lease agreement includes provisions for fixed rent escalations and building operating costs.

The Institute has two operating equipment leases that expire in 2025.

For the year ended September 30, 2023, total operating lease cost was approximately \$320,000.

At September 30, 2023, the weighted-average remaining lease term for operating leases is 6.03 years. At September 30, 2023, the weighted-average discount rate for operating leases was 3.97%.

Future undiscounted cash flows under Topic 842 for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the accompanying statement of financial position at September 30, 2023, is as follows:

Years ended September 30:

2024	\$	453,314
2025		458,876
2026		460,085
2027		469,748
2028		482,701
Thereafter		20,113
Total lease payments		<u>2,344,837</u>
Less imputed interest		<u>(218,384)</u>
Total present value of lease liabilities	\$	<u><u>2,126,453</u></u>

Future minimum payments, as determined under ASC 840, under the noncancelable portion of the operating leases at September 30, 2022, for years ending September 30 are as follows:

Years ended September 30:

2023	\$	421,468
2024		433,048
2025		444,921
2026		457,188
2027		469,748
Thereafter		502,814
	\$	<u><u>2,729,187</u></u>

For the year ended September 30, 2022, rent expense was approximately \$320,000.

American Institute for Cancer Research

Notes to Financial Statements

Note 15. Liquidity and Availability of Financial Assets

The Institute regularly monitors liquidity to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at September 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 4,259,888	\$ 5,958,891
Accounts receivable, net	76,389	97,957
Due from affiliates	665,383	937,400
Bequests receivable	2,116,604	1,860,511
Investments	8,622,340	6,828,067
Beneficial interest in perpetual trust	322,275	308,626
	<u>16,062,879</u>	<u>15,991,452</u>
Less those unavailable for general expenditure within one year due to:		
Board-designated endowment funds	(349,695)	(344,836)
Donor imposed purpose restrictions	<u>(5,969,101)</u>	<u>(6,460,340)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 9,744,083</u>	<u>\$ 9,186,276</u>